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Japanese symbols for wheat and food.

Japan's Food Policies

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Japan's Agricultural Policies Tied To Development of Imports

By HARLAN J. DIRKS
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A drastically changed world food supply situation in 1973 brought sharp political reaction in Japan—and new determination to diversify import sources and gain new food supplies through increased overseas aid and investment.

Sources of information for this report, prepared while the author was a member of the U.S. State Department's Senior Seminar in Foreign Policy, include officials of the Japanese Government as well as of business and industry. The second and concluding part of the report will be presented in the next issue of *Foreign Agriculture*.

JAPAN, faced with the problem of limited arable land plus a rising population that increasingly demands more and better food, is aiming to shore up its food supplies through such international programs as food stockpiling, long-term supply contracts, and more overseas investments directed toward expanded future imports.

In addition, the Japanese hope to increase domestic farm production with new structural reform programs and by stepping up the level of subsidies to farmers. But despite vigorous efforts by the Government, the self-sufficiency rate for most commodities—except rice—is expected to continue declining because of growing consumer demand and limited resources to meet that demand from home production.

The U.S. decision in 1973 to control the export of soybeans raised new concerns about the reliability of the major food exporting countries. As a result, strong political pressures—partly emotional—developed to improve Japan's long-range food policies.

An important part of Japan's future planning is to extend more technical and financial aid to foreign countries to help them expand food production. Although it is still too early to assess Japan's greening effort, most officials are not too optimistic about the program's effectiveness in developing new sources of food imports.

Most of the less developed countries where aid is being given will need most of the new production for home consumption. Probably the best that can be hoped for from most of the Develop-and-Import projects is a stabilizing effect on world supplies. New projects in Latin America and Oceania currently are regarded as the best prospects for opening new sources of supply.

The key to Japan's economic survival will depend to a large extent on its ability to gain wide access to world markets, both in exports and imports. Japan has outlined a new and forward-looking trade posture for the current multilateral trade negotiations which will focus on reducing trade barriers and obtaining a steady expansion of agricultural trade by improved cooperation between exporting and importing countries.

International food reserve policies are now being examined in Tokyo. Japan's basic position is that the major exporting countries have a responsibility to

Japanese worker feeds replacement pullets, above. Improved breeding techniques and better feeds have brought big gains in egg production. Japan's farms, such as those at right, average only 2.8 acres each.

carry stocks adequate to meet commercial trade demand. Japan expects to increase its own storage capacity as well as use more long-term purchase commitments to facilitate improved planning in producing as well as in importing countries.

Japan's long-range policy goals for expanding and stabilizing total food supplies are expected to show positive results, particularly for handling short-term fluctuations in world supplies. But it is evident that the Japanese will have to continue to look to the world's major food exporting nations for the bulk of their expanding food import needs.

In 1973, Japan's overseas food purchases were valued at about $8.6 billion, c.i.f., of which $3 billion worth came from the United States. The total is an imposing 58 percent above the 1972 level of $5.4 billion value, which included U.S. farm imports valued at about $1.6 billion. In 1971, total food imports were valued at $4.8 billion, of which the United States supplied about $1.3 billion worth.

The U.S. share of the Japanese food import market thus rose from 27 percent in 1971 to 35 percent in 1973. Throughout this period, the United States maintained its position as Japan's chief supplier of farm commodities. Australia was the second largest supplier. Canada was third.

The major limiting factor to Japan's domestic food production is the shortage of land. Japan is a small mountainous country with a total land area roughly the size of Montana. Only 15 percent of the total area is cultivated, yet Japan must feed a population of 109 million—about half that of the United States.

Japan's self-sufficiency rate in food production has been declining rapidly in recent years. Based on one method of calculation, self-sufficiency dropped from 90 percent in 1960 to 72 percent in 1972. However, this calculation ignored the fact that most of Japan's livestock are produced entirely on imported feedstuffs.

ANOTHER METHOD of calculation based on calories—including calories consumed by livestock—shows that Japan's overall self-sufficiency rate in 1972 was only 53 percent. This growing gap between home production and consumption presented no real problem until recently, as abundant supplies of agricultural products have generally been available in world markets at reasonable prices.

The reason for the sharp fall in self-sufficiency in recent years has been the strong increase in demand for more protein and meat products and the inability of domestic producers to meet this demand.

The strong demand for more livestock products has resulted in massive imports of feedgrains and feed proteins. Domestic production of these essential feed inputs actually has been declining. Although Japanese farmers generally have attained high yields, the overall efficiency of agriculture is relatively low by U.S. standards. One problem is that there are too many small farms and part-time farmers.

Although Japan has had active land reform programs in operation for many years, there has not been any significant enlargement of farm size. Farms at the end of World War II averaged 2.6 acres each, and today the average size is only marginally larger at 2.8 acres. Productivity of farm workers is low. One Japanese farmer produces enough food to feed only 7.8 persons, compared with 52.4 persons by one U.S. farmer.

Prior to the recent sharp increase in world prices, it was calculated that the cost of producing rice in Japan was more than three times the world price. The current Government support price for rice in Japan is $22.76 per 100 pounds, compared with $6.07 in the United States.

Rapid urbanization and industrialization are putting additional pressures on the limited farming areas. Paddy field land in Japan averages $18,000 per acre, and nonpaddy field land averages $17,000 per acre. Expanding residential development may continue to push land prices upward.

The land boom poses a serious obstacle to farmers seeking to expand farm size. Total cultivated land area dropped from about 15 million acres in 1962 to about 14 million acres in 1972. Thus while Japan's industrial capacity is the fastest growing in the world, its agricultural capacity is declining.

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The self-sufficiency rate would be even lower if the Japanese were heavy eaters. Per capita food consumption is increasing, but it still is the lowest of any country with a comparable level of per capita income. This is due not only to limited domestic supplies but also to rigid controls on imported foods.

Per capita incomes in Japan are now somewhat higher than in most countries of Western Europe. But real expenditures on food per person have not kept pace, and a large unfilled demand, which has been referred to as the income-energy gap, has been left.

In the 1950's the Japanese consumed 2,250 calories per person per day. The total rose to 2,400 in the 1960's and reached 2,516 in 1972—still well below the U.S. average of 3,300 calories and below the nutritional guidelines set by the Food and Agriculture Organization.

Japanese consumers are shifting away from the traditional rice-centered diet toward Western foods. In addition to the growing demand for more livestock products, Japanese consumers have been substituting bread for rice. Self-sufficiency in wheat dropped from 37 percent in 1960 to 5 percent in 1972.

The drop in rice consumption brought a major policy change to reduce rice output. In fact, decreasing rice acreage and balancing rice supply and demand have been a major point of Japan's farm policy in recent years. The Government has been faced with costly rice surpluses which had to be sold overseas at world prices, which were much lower than the support prices, or sold to be used as feed, or used as food aid.

Historically, the Japanese consumed practically all their soybeans directly as food. Soybeans were their major source of protein. This pattern changed rapidly with the growth of the livestock industry following World War II.

Most soybeans today are crushed for animal feed. Self-sufficiency in soybeans dropped from 28 percent in 1960 to 4 percent in 1972. Imports of soybeans soared from 1.5 million metric tons to 3.4 million tons in the same period.

Although Japan still consumes more soybeans as food than any other advanced country, the percentage of total supplies for human consumption is declining. The percentage of total soybean supplies for food dropped to only 17 percent in 1973 from 34 percent in 1960.

Seafood long has been an important source of protein, but the outlook for increased supplies is not promising. If it were not for seafood, Japan's food supply situation would be much tighter than it is. In 1973, per capita consumption of fish was a record 74 pounds, edible weight—more than in any other country. U.S. per capita consumption is 10 pounds.

Japan's total catch in 1972 was estimated at 10 million tons—nearly 15 percent of the global catch. Japan is the world's leading harvester of table-grade fish.

Fish farming has a long history in Japan, and a sizable industry has been developed. But fish farming is at best a limited source of food, and no major development in the industry can be expected in the near future.

"Japan expects to increase its own storage capacity as well as use more long-term purchase commitments to facilitate improved planning in producing as well as in importing countries."

The Japanese clearly recognize that there are limits to what their fishing fleets can harvest. The global catch of table-quality fish probably is at or near the maximum sustainable level. Some species already are seriously overfished. Also, the stocks of anchovies off the coast of Peru—the world's major source of fishmeal—are now a cause for concern. Japan normally imports large quantities of fishmeal for animal feed.

In addition to natural depletion of the seas, Japan also is concerned over the tendency of other nations to become increasingly protective of sea sources. Under the proposals of the United Nations Committee on Law of the Sea Bed and Ocean Floor, many countries are seeking to extend their exclusive fishing rights from the 12-mile limit to 200 miles.

Except for migratory fish, practically all fish gather in the coastal waters on the continental shelves. If a 200-mile limit is generally adopted, many of the world's rich fishing areas will become inaccessible to Japanese fishing operations. Such a move could have a serious impact on Japanese fleets that have traditionally fished all over the world.

Another adverse pressure on protein from the sea is pollution, particularly in the coastal waters around the highly industrial areas of Japan. Heavy chemical contamination in fish has been found. This discovery resulted in a drop in fish consumption in some areas.

Pollution also is taking its toll of seaweed and other forms of marine plant life. There no longer are sufficient supplies of seaweed to meet demand, and so far there has been little success in locating new sources.

In the absence of any worldwide cooperation on pollution and seabed development, yields of both fish and marine plants could fall. The best that can be hoped is for holding output near current levels. This development would mean that consumers may be shifting more to nonfish sources of protein in the future.

The search for new sources of protein is receiving attention as a result of higher prices of fishmeal and soybeans in the past year, but the results to date have not been encouraging. The effects of rising affluence on demand for protein-rich food is best understood in countries such as Japan because of the heavy dependence on imports to satisfy growing demand. Feed proteins are needed in large quantities for the rapidly expanding livestock sector.

The Japanese claim they have several new protein sources for animal feed, but the one showing most promise at the moment is yeast. The crude protein content (dry matter basis) of yeast is 50-60 percent, and it can be reproduced by feeding on air and a carbon source. Potential sources of carbon are plentiful, and include industrial and animal wastes. Another carbon source is paraffin, a petroleum derivative.

Although the Japanese authorities declared yeast proteins from paraffin to be safe for animal feed, plans for large-scale production were suspended in 1973 due to adverse consumer reaction.

Yeasts made from other sources may have been cheaper. However, the technology for making protein from certain waste materials has not been developed.

The Ministry of Agriculture and Forestry, recognizing the political pressures and the rationale for expanding and stabilizing domestic food supplies, has established several new policies for Jap-

anese agriculture. These new policies, which reflect some important shifts in emphasis, are:

- Hold self-sufficiency near current levels, and increase domestic production of feedgrains, wheat, soybeans, fruits, and vegetables.
- Balance rice supply and demand.
- Produce most of the country's requirements for livestock and poultry products.
- Increase storage capacity for major commodities.
- Improve efficiency in agricultural production with more aid to full-time farmers.

These new programs, which became effective April 1, 1974, are aimed at improving self-sufficiency and building larger stocks of critical food supplies in order to reduce vulnerability against short-term changes in world supplies. In addition to balancing the rice supply-demand situation, the Government is providing hefty subsidies aimed at increasing domestic output of feedgrains, soybeans, wheat, and barley, where production has been decreasing and imports increasing rapidly in recent years.

Japanese soybean production declined from 500,000 tons in 1955 to 118,000 tons in 1973. Wheat output dropped from 1.5 million tons to 202,000 tons in the same period. The Government would like to see increased production of these crops, but probably is more interested in preventing the return of fallow rice land to rice production this year, now that the $460-per-acre payments for diverting rice land to fallow land have ended.

Total rice area is expected to increase by about 250,000 acres this year with the termination of the Government incentive payments for fallowing land. This move could give a production of about 12,240,000 tons (brown basis) and an increase in stocks of about 290,000 tons to bring total stocks to nearly 2 million tons. These stocks are not considered excessive, however, in the light of low world cereal inventories.

Even with the high subsidies, soybeans and wheat will not be nearly as profitable as rice. The immediate goal of increasing self-sufficiency in these crops is therefore at best marginal. Actually, the program can be viewed more as a small measure of insurance against times when world supplies may be cut off, rather than as one to increase total supplies. Aim of the wheat policy is to produce more soft wheat for noodles. Domestic soybean output also has its special food uses, such as sauces.

A new public corporation, the Farmland Development Corporation (FDC), is being set up this year to help expand agricultural production. FDC's initial budget of $410 million will be used to make financial assistance available to established corporations to enable them to buy, sell, and rent farmland, as well as further livestock rearing and farming in less progressive areas. It is hoped that the FDC programs will lead to larger farms, but with high land prices and many small farms, not much change can be expected.

The recent experience with short world supplies made the Japanese suddenly aware of their short storage capacity, especially for oilseeds and cereals. Officials have concluded that the current situation for these two important commodity groups is far too vulnerable, and that storage should eventually be doubled. This supply would provide the minimum reserve needed to protect Japan against supply difficulties created by temporary shortages, transportation problems, or dock strikes.

"The reason for the sharp fall in self-sufficiency in recent years has been the strong increase in demand for more protein and meat products and the inability of domestic producers to meet this demand."

The Government and industry jointly are establishing a "soybean supply stabilization fund" to be used to maintain a 1-month supply (50,000 tons) of soybeans for food. This program mainly will benefit the soy food manufacturing industry. Wheat stocks under Government control have been increased from about a 1.7-month supply to about a 2.3-month supply. Feedstocks also will be raised. Government feedgrain supplies (mostly barley) will be expanded 50 percent. Compound feedstocks in private hands will be increased from a 1- to 2-month supply. The plan also will include loans for construction of new storage.

To augment the new programs, the Government has proposed a substantial budget increase, and further expansion can be expected in the future.

Basically, the Government believes the current level of food self-sufficiency is nearing the minimum, and that any further declines would not be desirable from a national security point of view. Government projections for 1982 would hold overall self-sufficiency near current levels.

Increased self-sufficiency is the goal for wheat, soybeans, and animal products.

It appears doubtful if the use of heavy subsidies will change the self-sufficiency rate for feedgrains, soybeans, and wheat. Increasing self-sufficiency in soybeans from the current 4 to 12 percent, and wheat from 5 to 8 percent will be difficult if not impossible, in view of the limitations on cultivated land and the apparent lack of profitability relative to other crops. Also, comparatively cheaper priced imports will make national production programs for these crops difficult to justify to the taxpayers and consumers in the long run.

A majority of Japan's agricultural imports are feedstuffs for livestock production. Feedgrain imports alone increased from 3.3 million tons in the early 1950's to more than 13 million tons in 1973.

The demand for livestock products is expected to more than double by 1982, which will require a substantial increase in feedgrain imports above the current high levels.

There is considerable concern among officials as to whether Japan will have access to that volume of feedgrain each year. There also are doubts as to Japan's capacity to increase livestock production—particularly beef—much above current levels. Some large feeding units —both hogs and beef—have closed recently due to pollution problems. Others have had to install expensive manure disposal systems.

These extra measuers have added to the overhead of an industry that is already at a comparative disadvantage. As a result, livestock production will face strong odds in meeting the growing demand for meat products.

The gap between domestic output and demand is likely to widen, and increased imports of meat products will be needed to fill the demand. This trend is further indicated by Japan's heavy capital in-

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Denmark Continues To Suffer From EC Meat Surplus Problem

DANISH AGRICULTURE, heavily dependent on export sales of its large livestock production, is seriously affected by the European Community (EC) and worldwide meat crisis.

Red meat accounted for 58 percent of total value of Danish agricultural production in 1973, and many Danes and foreign observers had expected the livestock industry to be their growth sector following EC membership a year and half ago. Now disappointment over slow 1973 growth has changed to sheer pessimism in face of the current meat marketing problems.

Initially, the Danes saw the evolution of the 1974 meat supply and demand imbalance as one of limited scope, related primarily to Italian import restrictions, and one which the EC could quickly resolve by limiting imports and reopening the Italian market. Recently, however, they have become increasingly aware of the worldwide and longer term nature of the problem and now expect the generally discouraging prospects to stretch well into 1975. At the same time, the Danes are relieved to be facing the present situation from inside the Common Market and believe the impact would be much worse if Denmark were still outside the EC.

Beef and veal. Beef and veal producers are the hardest hit, as Denmark normally exports more than one-third of its total production to the Italian market. Furthermore, the beef exported to Italy—normally from steers, young bulls, and calves—is in little demand at home where housewives prefer beef from heifers. At the outset of the Italian import restrictions (which included a 50-percent import deposition, later reduced to 25 percent), farmers held back their cattle. But—partly because of poor pastures and low prices for live animals —marketings returned to a normal level by mid-June.

Sales to Italy as of mid-year were running at about 80 percent of normal levels and were being made to importers in Italy willing to pay the deposit requirement. The Danish Government has expanded its export credit support to enable Danish exporters to give increased credit facilities to foreign buyers, and the livestock industry now looks to further recovery in its immediate exports. The Danes feel, however, that exemption of live cattle and not beef from the Italian deposit scheme is discriminatory to their exports as the distance involved precludes the competitive shipping of cattle for slaughter.

In spite of the more favorable outlook for beef, prices are still depressed, with producer prices as much as 12 percent below intervention levels. (The intervention level was increased only 6 to 11 percent in Denmark for 1974-75—despite the 12-percent increase set for the Community orientation price—because of lower beef prices that prevailed in Denmark in 1973.) The low producer prices have led to considerable pressure on the intervention agency, which had purchased 3,883 metric tons of beef as of June 27 but had been offered a much larger quantity.

Danish intervention stocks stood at 440 tons as of April 1, and this volume was offered for sale with a discount ranging from 12 to 20 percent off the purchase price. However, domestic demand for the quality offered remained limited for this beef, and only 106 tons had been sold through June. A further 1,800 tons were offered for consumer sales following the EC decision to release stocks purchased prior to June 1.

The situation was exacerbated at first by the intervention agency not being able to find warehouse and freezer capacity for more than 200 tons weekly but, after the EC permitted deboning prior to stockpiling the capacity was expanded to 600 tons weekly—about 15 percent of the total supply of beef. The EC scheme for processing intervention beef into canned beef has not been of interest to Denmark hitherto as no corned beef is produced, and in fact the scheme has reportedly not been workable in its present form in any member country.

The recent decision to extend the scheme to April 6, 1975, and to revise it to include other processed products, as well as to make it more workable, may facilitate Danish utilization of some stocks for this purpose.

An indication of the changed beef situation was a Danish sale this year—the first in many years—of beef to U.S. military commissaries in Europe. In June, Denmark sold 200,000 pounds of chilled carcass beef for resale in U.S. Forces' Commissaries at 77 cents per pound, c.i.f. Although the Danes have sold to foreign troops in Europe, this is the first time they have found the commissary sales attractive.

Pork. The situation for pork is similar to that for beef but not quite as bad. The Italian deposit scheme also created problems for pork exporters, as Italy is the prime market for fresh and frozen cuts. (Italy took 39,000 metric tons of fresh pork out of a total 89,200 exported in 1973.) However, Italy's decision to discontinue the deposit scheme for pork as of June 24 greatly relieved this aspect of the problem.

But, Denmark still had difficulties because of declining consumption in the important British bacon market, although smaller exports there have been offset to some extent by exports of other pork cuts to other EC members. The net effect of all this is that producer prices have generally been off 15 percent from 1973 levels for the best quality carcasses used for bacon and about 30 percent for lower grades, reflecting the poor pork prices in Europe and the United States.

The canning industry has been in greatest trouble, having had to lower its quotations for hams in the United States

A Danish pork carcass evaluation right. Sales of pork—a major export—have been hurt by the EC meat surplus.

from $1.68 per pound in August 1973 to $1.08 in June 1974.

Canners are limiting production by about 25 percent, but stocks continue to increase. Danish stocks in the United States amounted to 13,500 metric tons of canned hams as of May 12 plus 4,500 of shoulders, and stocks of these products in Denmark were 2,000 tons. Besides such stocks, Denmark had approximately 5,000 tons of frozen pork in warehouses, plus normal working stocks. The EC decision to support private stockpiling of pork should give about US$59,150 weekly in support to Danish cattlemen.

THE DANES STRONGLY opposed the EC Commission's attempt to alter the monetary compensatory amount system for pork to limit the support paid on exports to devalued countries in the EC (except Italy, where the monetary compensatory amounts have been discontinued). The change would have greatly reduced the support paid to Danish exports of bacon to the United Kingdom.

Danish exports had already shown a decline in FEOGA support when the accession compensatory amounts for pork shipped to the United Kingdom declined to zero as of May 1, and when the monetary compensatory amounts were reduced, as of the same date, because they were in excess of the import levies. The resultant total decline in FEOGA support for bacon exported to the United Kingdom amounted to about 4.4 U.S. cents per pound.

—Based on dispatch from *Office of U.S. Agricultural Attaché, Copenhagen*

Poor Crops End Australia's Fling As a Rising Oilseed Exporter

AUSTRALIA'S once-bright prospects as an oilseed exporter have been dashed in the past 2 years by acreage losses to more lucrative grains, plus a spate of unfavorable weather and disease problems.

The country has thus turned increasingly from exporting to importing oilseeds, with purchases further spurred by strong domestic demand for oils and meals and expanded crushing capacity at home. With no significant production rebound anticipated in the near future, these imports are expected to continue.

After rising for 4 successive years to a peak of 335,000 metric tons in 1971-72, total Australian oilseed production fell 30 percent to about 236,000 tons in 1972-73. It fell even further in 1973-74.

Hardest hit were sunflowerseed and rapeseed—whose impressive production gains of the recent past had led to speculation that Australia might someday become a significant oilseed exporter. Soybeans, on the other hand, appear to have emerged as a new glamor crop, and their rapid production growth has helped fill the vacuum left by losses in the other oilseeds.

Sunflowerseed. First drought, then heavy rains and flooding have hit this crop in the last 2 years, dropping production to an estimated 63,800 metric tons in 1973-74—less than half of the record 147,532 tons of 1971-72. The higher prices that can be obtained from wheat and feedgrains and lifting of restrictions on wheat area also have depressed production of sunflowerseeds, and indications are that this will continue into 1974-75.

One positive aspect, however, is the recent expansion in sunflowerseed crushing capacity, which will probably prompt crushers to offer prices in line with returns from other crops so as to keep their equipment operating.

Once one of Australia's most promising new exports, sunflowerseed shipments have gone into a tailspin as a result of the production decline. Shipments during 1972-73 totaled 33,419 tons, or less than half the volume sold in 1971-72 and are estimated at only 26,000 tons for 1973-74.

Japan has traditionally been the prime export market, taking 11,712 tons in 1972-73 and will probably get the bulk of current exports at the expense of the emerging European markets of Belgium, Portugal, and Spain. Even though it is a net exporter of sunflowerseed, Australia still imports small amounts of sunflowerseed oil, mainly from Argentina.

Rapeseed. Also once a most promising export, this crop was hit not only by the drought of 1972 but also by outbreaks of blackleg disease in Western Australia, Victoria, and New South Wales. These setbacks dropped 1972-73 production to 29,353 metric tons from 54,613 the year before and generally discouraged rapeseed production.

WESTERN AUSTRALIA growers reduced their rapeseed plantings in 1973-74 so they could swing back to wheat and barley, while the blackleg scare prompted drastic reduction in the eastern States. New South Wales area, for instance, was only about a third that for 1972-73 and Victoria's was off by about one-half. The net result was a 1973-74 crop estimated at only 12,250 metric tons, or less than one-fourth of the 1971-72 peak.

The drastic decline did lead to a substantial jump in crushers' minimum prices for rapeseed—to about A$165 per ton (US$246) in mid-season from A$137 (US$204) at the start of 1973-74. At reasonably satisfactory average yields, this makes rapeseed competitive with wheat and other winter/spring grains, but as yet there is little renewed interest in the crop—partly because of fear of losses from blackleg disease. As a result, the outlook for 1974-75 is an area about the same as in 1973-74 in New South Wales and Victoria and possibly less in Western Australia.

To cover the deficit, Australia has switched from exporting rapeseed—15,371 tons in 1971-72—to importing—an estimated 26,000 tons in 1973-74. These imports will continue in 1974-75 and come mainly from Canada; purchases of rapeseed oil will also be made.

Soybeans. One of the few bright spots in Australia's oilseed picture, soybeans

are continuing their rapid growth of recent years. From a mere 8,933 tons in 1970-71, soybean output climbed to an estimated 62,000 tons in 1973-74 in response to heavy promotion by crushers and a further increase in guaranteed prices.

Soybean plantings are now estimated at about 114,000 acres, of which 84,000 are in Queensland and most of the rest in New South Wales. Small plantings have also been made in Victoria.

For the future, further growth is seen in this crop, in part because of its strong performance at a time of extensive damage to other oilseeds from rains, flooding, and disease and in part because of its high producer prices. The crop must, however, be grown on irrigated land, whose availability appears to be the only real limitation on production expansion.

But despite their vigorous growth, soybeans have yet to become an important export crop. Some 5,000 tons were expected in 1973-74, but the country imported an estimated 30,000 metric tons that year, compared with purchases of only 7 tons the year before. This increase in purchases came in part because of a shortage of safflower oil in both domestic and world markets and extensive substitution of soybean oil. Since soybeans may be imported duty-free, crushers decided to import beans and utilize an expanding crushing capacity to meet at least part of the industrial oil need. This also allowed the industry to provide a larger proportion of the domestic demand for soybean meal.

WITH DEMAND for both industrial oils and feed ingredients on the rise, this trend toward imports of oilseeds—rather than oil—can be expected to continue. In addition, there is a growing demand for soybeans for production of textured vegetable protein.

Peanuts. Unfavorable weather also hit this crop in 1973-74, reducing it to an estimated 38,496 metric tons in-shell basis, from a record 46,061 the year before. Despite the decline, there are adequate supplies of edible peanuts for the processing and direct-consumption trade. Thus, there will be no demand for imported peanuts from the United States. However, only negligible quantities will be available for export to New Zealand and the recently developed Japanese market.

Peanut kernels that are available for crushing also will be down, but this shortfall will be made up by increased supplies of sunflower, rapeseed, and soybean oils, whose expanding use has greatly lowered demand for peanut oil.

Cottonseed and cottonseed oil. Ever since the large crop of 1971-72, Australian cotton production has been skidding, and cottonseed has suffered accordingly. Cottonseed production in 1973-74—mainly from the 1972-73 cotton crop—fell by over 11 percent to 49,561 metric tons. And production this season is even less promising as a result of severe floods in New South Wales, which reduced both volume and quality of the 1973-74 cotton crop.

THE LARGE cottonseed crush of 1972-73 caused some disposal problems, and helped boost cottonseed exports to 7,000 metric tons in the following year from 6,293 in 1972-73. These exports come largely from the Ord River area, which is too far from crushing to make domestic sale an economic proposition. Most go to Japan.

With the disposal problems now largely over, the country is increasing its imports of cottonseed oil; an estimated 300,000 Imperial gallons were imported during 1973-74, almost all from the United States.

Although expanding crushing facilities are shifting trade in favor of oilseeds, Australia still supplements its oilseed production and crush with sizable imports of vegetable and industrial oils. Palm and coconut oils from Papua and New Guinea are by far the largest of these, with purchases of coconut oil estimated at 2 million Imperial gallons in 1973-74 compared with 2.1 million the year before, and those of palm oil set at 1.7 million compared with 1.6 million. These recently have been followed in importance by soybean oil imports—totaling 858,208 Imperial gallons in 1972-73 and maintaining that rate in the first half of 1973-74—olive oil, peanut oil, and the industrial oils of safflower and castor.

—Based on report from
Office of U.S. Agricultural Attaché, Canberra

U.S. Crop Shortfall Tightens World Grain Supplies

Because of the severe drought in the U.S. Midwest, forecasts of world grain production and trade in 1974-75 have been reduced.

Estimates for total world grain production now stand at 941.9 million metric tons—41.9 million below July estimates and 25 million below the 1973-74 level. By far the largest decline has come in the United States, where the August crop report placed production down 39.4 million tons from July's forecast of 209 million tons. However, indications are that the recent rains in the Midwest have prevented further deterioration.

For the USSR, the 1974 wheat estimate has been revised downward to 95 million tons from 100 million in the July forecast and 109.7 million for 1973-74. The decline comes because of reported unfavorable weather in the New Lands.

Total grain production in all other foreign countries, on the other hand, is expected to maintain last year's record levels, assuming average crops in the Southern Hemisphere in early 1975.

The reduced U.S. grain crop will prevent the large buildup in world stocks that was envisioned earlier in the year. However, while U.S. ending stocks for the 1974-75 marketing year are now expected to be down some 3 million tons from the 1973-74 level, ending stocks in all foreign countries are seen climbing by 1.7 million tons.

World wheat trade is now estimated at 67 million tons—off 2 million from the July figure and 2.8 million from the previous year's. Feedgrain trade, on the other hand, is forecast at only 57.3 million tons, for decline of 13.4 million from the July estimate and 19.1 million from the previous year. As a result, trade in both grains in 1974-75 will be the lowest since 1971-72.

While part of the trade decline can be attributed to changes in the supply situation, much also is the result of lower demand for grains for feed, reflecting the higher prices for the 1974-75 season. This reduced demand is evident in many developed countries, including the United States, West European nations, and Japan.

Slowdown in Demand Clouds Outlook for U.S. Cotton Exports

By JOSEPH H. STEVENSON
Foreign Commodity Analysis, Cotton
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UNITED STATES cotton is virtually certain to face sharper competition in foreign markets this season, as a result of a slowdown in demand in most consuming countries, larger foreign stocks on August 1, 1974, the outlook for increased production and exportable supplies aboard, and a shorter-than-expected U.S. crop.

The gap between foreign cotton consumption and production could rise to about 5.7 million bales (480 lb. net) in 1974-75 from last season's 5.3 million. However, foreign stocks, which increased by 4.5 million bales from 1971 to 1974, are likely to be reduced this season. Therefore, U.S. cotton exports could decline to about 4.7-5.2 million bales, compared with about 6.2 million in 1973-74. Some sources predict U.S. exports will fall below the projected level.

On the positive side, forward sales of U.S. cotton for export in 1974-75, as of August 4, 1974, stood at about 4.2 million running bales. This includes around 800,000 bales of U.S. cotton sold for export in 1973-74 that remained unshipped as of August 1.

Therefore, a major portion of projected exports is already committed, when prospects for sales under Public Law 480 are included.

Moreover, the United States is no longer a residual supplier of cotton to world markets. For the past several years, an increasing number of foreign buyers have looked to the U.S. market for their requirements. Last year when prices rose sharply in world markets, U.S. exporters again confirmed their long-established reputation for dependability.

World cotton exports jumped to 20.7 million bales in 1972-73, after fluctuating between 16.7-18.3 million for the preceding 8 years. Exports eased to around 19.2 million bales in 1973-74 because of transportation difficulties, high stock levels abroad, and the beginnings of the slowdown in textile activity.

The present outlook is that world exports will remain around 19-19.5 million bales in 1974-75—reflecting smaller rates of increase in consumption, larger stocks, a "wait-and-see" attitude on 1974 crops, and general economic uncertainties. However, this is still a relatively high level of trade.

Foreign stocks are higher than previously, but are not excessive in relation to consumption needs. Foreign cotton stocks have trended upward during the last four seasons—1971-74—and have accounted for all of the increase in world stocks during this period, since U.S. stocks have stayed rather low. Foreign carryover on August 1, 1974, is placed at 19.8 million bales, up 29 percent from the 15.3 million of August 1, 1971.

THIS INCREASE is less dramatic, however, viewed against rising consumption needs. Current foreign stocks only amount to 4.6 months' consumption needs, against 3.9 months in 1970.

Other countries have been carrying more stocks because they can no longer rely on the huge stocks the United States once carried. In addition, their consumption needs have increased, and the larger stocks provide a hedge against market uncertainties and inflation. Both foreign importing and exporting countries have increased their stocks. However, some current factors could influence this situation.

First, importing countries are cautious about accumulating excessive stocks in view of the volatile market situation of recent months, the much higher costs involved in carrying large stocks, and uncertainties concerning future textile costs and sales prospects. Stock increases in importing countries were sizeable in 1972 and 1973, so that some easing from this position could ordinarily be expected in 1974.

Secondly, a number of exporting countries did not ship all of their exportable surplus and ended the 1973-74 season with large stocks.

Furthermore, in most foreign countries, exporters ordinarily do not want to carry cotton for long periods because of the costs involved and lack of physical storage facilities. The 1973-74 season was an exception, since a number of exporting countries held cotton in hopes of obtaining higher prices.

Foreign production appears certain to increase in 1974-75, stimulated principally by higher world cotton prices that prevailed last fall and earlier this year. The extent of the increase is uncertain, since most crops are not yet harvested. In the Southern Hemisphere, planting preparations are just under way.

In view of acreage estimates and prospective yields, foreign production may be around 46.4 million bales this season—400,000 bales above 1973-74 outturns. The acreage increase might have been even larger, had it not been moderated by factors such as sharply higher production costs; scarcity of inputs, such as fuel, fertilizer, and insecticides; and the attractiveness of alternative crops, which have also increased in value.

Some of the largest production increases are likely to be in Mexico, Turkey, Pakistan, Argentina, and Colombia. With few exceptions, reports on the progress of most Northern Hemisphere crops have generally been favorable.

Increased production plus larger stocks, including unsold export availabilities, mean larger total supplies abroad, amounting to about 66.2 million bales for 1974-75. This is almost 9 million bales, or 16 percent, more than supplies available just 4 years ago in 1970-71. These larger supplies add up to more competition for U.S. cotton in foreign market this season.

The rate of cotton consumption abroad, which gained from an annual rate of 500,000 bales in 1969-70 to 2.1 million bales in 1973-74, is likely to moderate somewhat in 1974-75. Nevertheless, chances are good that total foreign cotton consumption in 1974-75 may advance by about 800,000 bales over last season. This is considerably below the 2.1 million-bale increase of

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Based on a speech by the author presented at meetings of the Southern Cotton Association and Arkansas-Missouri Cotton Trade Association, Memphis, on August 19, and the Atlantic Cotton Association, Atlanta, August 20.

World Conference Will Seek Solutions to Food Problems

Food security—one of mankind's most fundamental needs—will be the focus of an upcoming world conference where delegates from both rich and poor countries will act in concert to meet the challenges of ensuring adequate world food supplies.

By DAVID B. DLOUHY
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THE THIRD AND LAST meeting of the Preparatory Committee for the World Food Conference will be held in Rome from September 23 to October 4. The Conference itself is scheduled to convene November 5 through 16, 1974.

An international meeting on the world food situation was first proposed by Secretary of State Henry A. Kissinger in his address to the United Nations (UN) General Assembly, September 1973. The Conference was subsequently organized under UN auspices, as a means of focusing attention on the problems raised by depletion of world food stocks in 1972-73 and the concurrent problems of malnutrition and hunger in many parts of the world.

Previous Preparatory Committee meetings in New York, February 11-15, and Geneva, June 4-8, identified four issues for consideration by the delegates. These issues have been drawn up as the major substantive part of the Conference agenda. They are:

- Measures for increasing food production in developing countries within a wider framework of development.
- Policies and programs for improving consumption patterns in all countries and aiming at ensuring adequate availability of food in developing countries, especially those particularly vulnerable to food shortages.
- Strengthening world food security through such measures as a better early-warning and food-information system, more effective national and international stockholding policies, and improved arrangements for emergency relief and food aid.
- Specific objectives and measures in international trade and adjustment that are relevant to the food problem, including measures aimed toward stabilizing and expanding markets for exports from developing countries.

Development Policies. Much of the Conference discussion will center on possible solutions to the structural agricultural problems facing over 70 percent of the world's nations. Recent food problems in Africa and South Asia have emphasized the need for national food policies that provide adequate incentives for strengthening the agricultural sectors of developing countries.

In this regard, the Conference will focus on proposals for increasing food output by such means as developing natural resources, expanding supplies of agricultural inputs, bringing about structural and institutional improvements, conducting research aimed at problems of tropical agriculture and adapting farming technology to conditions in poorer nations.

Through the Agency for International Development, the United States currently operates several bilateral programs in these areas, including a technical assistance program in foodgrain drying, storage, handling, and transportation.

The project is aimed at reducing losses of foodgrains and quality deterioration during postharvest handling, drying, and storage. This project has reached 22 countries in Latin America, Africa, and Asia.

Estimates of foodgrain losses in developing countries between the field and the consumer are as high as 50 percent of total production; in some cases, this exceeds food deficits.

Through the National Fertilizer Development Center (NFDC) of the Tennessee Valley Authority, the United States operates a technical assistance program designed to identify, assess, and help remove deficiencies in the fertilizer programs of developing countries. The NFDC also serves as a global nerve center for data collection on fertilizer production and use.

To date, 105 projects in 38 countries have been completed, including a program showing that bulk handling of urea is practical, with considerable savings in cost and labor.

In conjunction with its preparation for the World Food Conference, the United States is examining how such technical assistance projects may be improved or expanded.

One proposal to be examined at the Conference is the suggestion put forward by Sri Lanka for a World Fertilizer Fund to assure adequate supplies to developing countries by providing direct financial assistance for the purchase of fertilizers or construction of production facilities. The proposal calls upon developed and oil-producing nations to contribute $1 billion to the operation of the Fund.

The issue of fertilizer availability was also addressed by the Food and Agriculture Organization (FAO) Council at its meeting of July 23, 1974. The Council adopted a resolution calling upon developed countries to provide technical assistance, financial aid, and capital equipment on the softest possible terms to developing countries to enable them to raise their national production of fertilizers.

"Recognizing the need for an improved system of world food security, the United States has endorsed the principle of an internationally coordinated system of national reserves."

In the short run, the resolution asks that contributors make available increased supplies of fertilizers and pesticides to developing countries, participate in the establishment of a "fertilizer pool," and mobilize financial assistance for concessional fertilizer purchases.

Food Aid. Even if financial and technical assistance programs help increase

food production in developing countries to satisfactory levels to ensure adequate diets, unforeseen and uncontrollable events will occasionally create situations requiring the international community to alleviate serious short-run problems of insufficient food supplies.

In the UN system, the main responsibility for emergency food relief rests with FAO's World Food Program. A small part of the resources of this program is allocated for use in emergency food relief operations. Since the World Food Program began in 1963, there have been 178 such operations, including the Sahelian Drought Relief Program. How the World Food Program can be strengthened will be discussed at the World Food Conference.

"At present, the food situation of over half of the world's population is unknown . . . owing to either poor data collection methods or deliberate withholding of information."

In addition to its contributions to the World Food Program, the United States has provided food aid and assistance, both for development and in times of disaster, through Public Law 480—nearly $25 billion since 1954. This assistance has been provided even in times of tight supplies, including nearly $900 million in fiscal 1974.

The World Food Conference will examine how food aid can be better related to development policies in developing countries, thereby increasing the effectiveness of food transfers.

The removal of inequities in the distribution of foods among different economic groups has been recognized as essential to improving consumption patterns in all countries. Just as there are "pockets of poor" in wealthy countries, so there are enclaves of affluence in low income countries. Even in the poorest country there is adequate food for those with the means to purchase it.

Among low-income countries, however, the poor make up the bulk of the population in rural as well as urban areas. How to get food to hungry people whose incomes are too low to make their demand effective is one of the most vexing problems that the World Food Conference must deal with.

World Food Security Program. Increased cooperation in food and emergency food relief is also part of the proposed "International Undertaking on World Food Security," which will be submitted to the World Food Conference by FAO.

The FAO proposal focuses on a system of national grain reserves, guidelines, consultations, and exchanges of information. It points out the need for international cooperation in agriculture so as to assure a minimum level of world food security.

To meet this goal, the Undertaking proposes that "Member governments undertake to follow national stock policies which, in combination, maintain a minimum safe level of basic food stocks for the world as a whole, including security margin for contingencies or emergency needs in case of crop failures or natural disaster." The Undertaking also points to the need for special assistance to developing countries for stock holding.

For the past two decades, the major burden of carrying stocks to fill the world's need for reserves has rested with the United States and to a lesser degree with Canada. This was the result of farm policies under which the U.S. Government acquired massive grain surpluses. The existence and availability of these reserves gave importing countries little incentive to formulate a stocks policy of their own.

Now, however, market conditions and a new farm program have resulted in the disposal of U.S. Government-held stocks.

Recognizing the need for an improved system of world food security for the future, the United States has endorsed the principle of an internationally coordinated system of national reserves under which the burden of stockholding will be shared. Rebuilding of large U.S. Government-held reserves is neither desired nor anticipated.

The implementation of a food plan would have to be a gradual process accomplished as production levels exceed consumption requirements for the various grains, some of which are currently in tight supply.

The World Food Conference will examine how importing countries may effectively formulate their stock programs through commercial purchases, concessional purchases, and special financing arrangements for constructing storage facilities or storing food reserves in exporting countries.

Recognizing that adequate information on production and stocks is one of the keys to world food security, the World Food Conference will explore ways to improve information gathering and analysis. It is expected to make recommendations regarding the formation of an international food and stock information system.

Such a system could rationalize production planning, facilitate the creation of an efficient worldwide distribution system, and help eliminate the necessity for imposing sudden short-term limits on access to supplies.

At present, the food situation of over half of the world's population is unknown to potential producers and competing consumers, owing to either poor data collection methods or deliberate withholding of information. To help rectify this situation, the FAO, in March 1973, established a "Food Information System." The FAO system assembles, analyzes, and distributes up-to-date information on the current world food situation and outlook, and carries out special evaluations of the adequacy of world food stocks.

"How to get food to hungry people whose incomes are too low to make their demand effective is one of the most vexing problems that the World Food Conference must deal with."

The Food Information System also includes an "Early Warning System for Food Shortages" that collects monthly data on the condition and progress of food crops and supply availabilities.

The FAO, as part of its Undertaking on World Food Security, will propose that the World Food Conference recommend recognition of the Food Information System as the central world focal point for the assembly and distribution of data on the international food situation.

The effective functioning of the Food Information System will depend on the ability and willingness of all governments, especially those of major import-

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Uruguay's Economy Dependent on Demand for its Farm Exports

By JAMES W. WILLIS
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Assembly line preparation of beef cuts in Uruguay, above. Beef continues to be Uruguay's major commodity for earning foreign exchange, with the EC usually taking over 40 percent of total beef and veal exports. Shearing wool from sheep, left. A 31 percent reduction in Uruguay's lamb and sheep slaughter within the past year should increase wool outturn in 1974. Uruguay's wool exports, like its beef sales, are heavily dependent on strong European demand.

URUGUAY'S ECONOMIC well-being in 1974 continues to hinge on its agricultural exports. Sizable quantities of its major export commodities—beef and wool—are available, but shipment of these products will depend on recovery of world demand, particularly in Western Europe.

The impact of the world petroleum situation will be traumatic for Uruguay, which is 100 percent dependent on imported fuel, unless its exports earn the foreign exchange necessary to meet the burdensome costs of its fuel requirements. Uruguay is hopeful that increased exports of beef, wool, rice, and possibly grain sorghum and fruit, will be sufficient to offset the anticipated rise in import costs.

Forecasts of total exports in 1974 are now set at $371 million, compared with $319 million in 1973. This falls far short of the planned export target of $500 million which, if reached, would probably still leave a balance of payments deficit due to increased wheat import costs and a petroleum bill that is expected to be up 220 percent for 1974.

In 1973, Uruguay had a balance of payments surplus of $20 million, primarily due to earnings from exports of meat and meat products, wool, hides, rice, and vegetable oil/protein byproducts.

Uruguay's major commodity for earning foreign exchange continues to be beef, which in 1973 accounted for 41 percent of the total value of all agricultural exports and 37 percent of all exports. The European Community (EC) usually takes over 40 percent of Uruguay's beef and veal exports and Spain, 20 percent.

Ample supplies of cattle are available for marketing during 1974, and beef and beef product exports should increase, provided European demand recovers. Cattle numbers in Uruguay on July 1, 1973, were approximately 9.9 million head, compared with 9.3 million head a year earlier.

Heavy rainfall and frosts during the winter months (June-August 1973) reduced the availability of good pastures and slowed cattle finishing for slaughter. As a result, deliveries declined and herds increased. Then, fixed prices on cattle combined with good grazing conditions during the spring encouraged cattlemen to continue holding back marketings until prices increased.

After cattle prices were raised on November 14 by 59 percent, from the level established in June 1973, and the beef consumption ban was lifted, large deliveries of cattle ensued. Many slaughtering plants began to operate at capacity. Slaughter quotas consequently were imposed to control delivery to slaughter houses.

To assure that these increased deliveries were channeled to the major export markets of Montevideo and Canelones, the Government established a quota system on cattle marketings for the Provinces on November 15. On November 27, 1973, the export retention tax was lowered from $330 to about $203 per ton, which further served to divert beef and beef products into export channels.

The fall in beef prices during December 1973, largely due to the energy situation, encouraged Uruguay to limit meat export sales and large amounts of beef were refrigerated in Argentina, pending shipping arrangements. This reluctance to make forward sales could be costly in view of the current stagnation in world beef markets.

The Government of Uruguay could reinstate the beef consumption ban during 1974, which would help to assure continued availabilities of beef and beef products for export. As yet, the period of this ban has not been established, but is expected to be limited to 2 months, compared with 3 months in 1973, but only if export prospects improve.

Approximately 60,000 tons of beef reportedly were sold abroad recently, but because specific destinations are usually given for a sale of this magnitude, no large degree of credence as yet can be placed on these reports.

Local sources also have indicated that neighboring countries are interested in buying a significant volume of Uruguayan beef. Based on these unconfirmed exports sales prospects, informed sources now feel that the 115,000 tons of beef exports forecast earlier will be realized, compared with 98,000 tons shipped during 1973.

In order to keep Uruguayan beef, wool, and other export products competitive, Uruguay continues to devalue its peso after having devalued it 10 times during 1973 and three times already during the first 3 months of 1974.

The competitiveness of wool exports during 1974 will be dependent on still another factor—the level established for the minimum export price on wool "tops." The Government lowered the price from US$5.05 to US$4.50 per 10 kilos on November 13, 1973, but increased it to US$4.70 on December 14.

Trade sources claimed that U.S. "tops" were priced at a more attractive level in European markets at the end of 1973. As a result, Uruguay's minimum export price was lowered to US$4.20 per 10 kilos on February 28, 1974. But in anticipation of a rise in wool prices during 1974 due to a shortage of synthetic fibers, the Government will perhaps reduce the price again to delay exports until world wool prices increase.

Efforts by Uruguayan producers to build up sheep numbers as a result of high wool prices and a shortage of man-made fibers should result in increased availabilities of wool for domestic and export markets during 1974. Large supplies of high-priced wool "tops" were already available for export at the beginning of 1974, probably due to the minimum export price. Although sheep numbers as of mid-1973 were at about the same level as estimated on July 1, 1972, a reduction of 31 percent in lamb and sheep slaughter, particularly during the last half of 1973, increased the numbers available for shearing.

"Uruguay has ample supplies of cattle available for marketing in 1974, and beef and beef product exports should increase."

The major outlet for Uruguay's increased wool outturn during 1974 should continue to be export markets, of which the EC has been the largest customer in recent years, taking about 60 percent of total wool exports. Only about 10 percent of total production is consumed domestically. Thus, Uruguay's wool exports in 1974, like its beef sales, are heavily dependent on strong European demand. Uruguay removed its ban for exporting wool on a greasy basis and indications are that total wool exports will exceed the 1973 level of 62,000 tons. If so, wool exports will account for over one-third of the value of Uruguay's agricultural exports.

Supplies of rice available for export during 1974 also are expected to be up and exports could reach 70,000 tons, compared with 65,000 tons in 1973. Area sown to rice in 1973-74 was 10 percent more than in the previous year and weather conditions have been favorable for increased production.

During the first quarter of 1974, Uruguay reportedly sold 60 percent of its exportable supply of rice at prices averaging $400 per ton, f.o.b. Montevideo. Rice sales continue strong in an effort to take advantage of current high world prices.

Rice is one of the crops most suitable to Uruguay's climate and limited amount of arable land. Construction of a dam is being considered for Lazcano in northeastern Uruguay which could provide an estimated 96,000 acres of additional cropland, much of which could be devoted to irrigated rice. If this projection materializes Uruguay could double its rice outturn. Production of long grain (Patna) rice is being encouraged. Since per capita consumption is increasing at a slow pace, most of any increase in production would be available for export.

Favorable yields and returns for grain sorghum, combined with a relatively high line of credit granted by the Government, encouraged farmers to expand again this season the area planted to this crop to about 395,000 acres. A 1974 crop, estimated at 240,000 tons, would normally provide 70,000 tons of exportable supplies. But export availabilities of sorghum could be reduced again if the beef ban is reinstated and more grain is used to produce more beef substitutes, such as poultry and hogs.

Supplies of grain sorghum for export probably will be reduced further in 1974 as the Government again has decreed that sorghum flour be blended with wheat flour for making bread at a ratio of 1 to 9. A subsidy of about US$7.50 per ton will be paid by the Uruguay Government for export-type sorghum used for making bread. In 1973, about 35,000 tons of sorghum were used for this purpose; therefore, exports are not expected to exceed 50,000 tons during 1974.

Uruguay continues its efforts to achieve self-sufficiency in wheat production by immediate payment of over US$200 per ton and granting subsidies for fertilizer to wheat producers. However, weather variances and the limited amount of arable land make this goal

difficult to achieve, especially for such an extensively produced crop.

Nevertheless, the Ministry of Agriculture recently stated that its goal for the coming season is to increase the total area sown to grains to 4.9 million acres, of which wheat is to account for 1 million acres. Facilities to store additional grain supplies will also be expanded.

If good weather prevails and sufficient fertilizer is available, an area of 865,000 acres planted to wheat appears possible. Assuming yields of 100 pounds per acre, an area of this size would make Uruguay self-sufficient in wheat during the 1974-75 marketing year.

Uruguay was expected earlier to import up to 150,000 tons of wheat during 1974 to cover its domestic requirements and, reportedly, has agreed to take 85,000 tons of wheat from Argentina. Uruguay has already signed a contract with Argentina for importing 40,000 tons under this agreement.

With Uruguay requiring millers to blend 1 ton of sorghum with every 9 tons of wheat in making flour (some sources claim that this ratio may actually be higher), the Government has effectively reduced wheat consumption needs. As a result 85,000 tons of wheat imports should cover all of Uruguay's needs until the 1974-75 harvest.

In recent years Uruguay has imported large quantities of wheat from the United States under P.L. 480 and received 43,000 tons of U.S. wheat in 1973 purchased by Argentina.

The second largest agricultural item imported by Uruguay from the United States in recent years has been edible oils, also usually under P.L. 480. Then in 1973 Uruguay's sunflowerseed production increased by 18 percent over that of the previous year and no edible oil imports were anticipated. However, during the latter part of the year, 3,000 tons of soybean oil imports from Argentina were necessary to cover domestic needs until the 1974 sunflowerseed crop was harvested in April.

Uruguay made a further effort to achieve self-sufficiency in edible oils on March 12, 1974, by increasing the producer price for sunflowerseed to roughly $270 per metric ton from $125.

URUGUAY thus may well achieve self-sufficiency in edible oils within the next few years if the anticipated increase in soybean and sunflowerseed output materializes. However, should these crops not reach the expected level of production, foreign exchange earnings from exports of high-priced linseed oil, now placed at 8,070 tons during 1974, are expected to finance most, if not all, of Uruguay's edible oil imports.

As a result of the energy problem and probably the pressure of large wheat import costs, Uruguay is expected to impose another domestic beef consumption ban for a few months during 1974 in an effort to earn more foreign exchange from beef exports and to continue its program of mixing sorghum with wheat flour in bread to reduce wheat needs. In 1973, Uruguay increased beef and veal exports to 42 percent of total supplies from 38 percent in 1972 by controlling internal beef consumption.

Per capita consumption of beef and veal dropped by around 11 percent in 1973 from the 1972 level largely due to the ban. Perhaps more important, the consumption of substitute foods increased substantially, which helped to offset the 12 pound per capita deficit. Consumption of pork increased 29 percent, poultry meat 29 percent, and fish 50 percent.

A large increase in nonmeat food items was also necessary to cover the 14 pound per capita reduction in lamb and mutton that other nonbeef meats were unable to offset. Through the continued development of "beef substitute" industries Uruguay would be in a better position to limit internal beef consumption in order to increase supplies available for export.

Increased vegetable production in the Salto area of western Uruguay is another effort to increase that country's internal food production. The climate of this region is especially suitable for production of tomatoes, peppers, and onions, and additional research is being conducted to help producers gain optimum returns.

URUGUAY: SELECTED AGRICULTURAL EXPORTS, 1971-74

Commodity	Quantity				Value			
	1971	1972	1973 [1]	1974 [2]	1971	1972	1973 [1]	1974 [2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*	*Mil. U.S. dol.*
Livestock:								
Beef (CWE) [3]	91	118	98	115	61.2	100.4	119.0	135.0
Mutton and lamb (CWE) [3]	15	2	1	1	6.4	1.1	1.0	1.0
Wool (greasy basis)	73	51	65	70	29.6	57.1	109.0	117.0
Hides	16	12	10	13	20.9	16.9	25.0	32.0
Grains:								
Wheat	101	—	—	—	5.7	—	—	—
Barley (brewers)	22	14	9	15	2.9	1.6	1.4	2.3
Oats	—	—	—	—	.1	—	—	—
Grain sorghum	4	—	—	50	.2	—	—	6.0
Rice	73	45	65	70	7.1	6.0	14.6	15.7
Oilseeds:								
Linseed oil	19	6	12	12	2.3	1.3	3.8	4.0
Linseed and sunflowerseed (expeller, meal, and pellets)	44	18	24	24	2.7	1.4	4.2	4.4
Subtotal selected commodities	—	—	—	—	139.1	185.8	278.0	317.4
Total agricultural exports	—	—	—	—	146.4	190.0	292.6	334.1
Total exports	—	—	—	—	205.7	214.1	319.2	371.2
Agricultural exports as percent of total	—	—	—	—	71.2	88.7	92.2	90.0

[1] Preliminary. [2] Forecast. [3] Carcass weight equivalent.

U.S. Cotton Exports

Continued from page 9

1973-74, but would place total 1974-75 consumption in line with the average of the last 10 years.

Textile activity abroad has declined sharply in recent months, owing to reduced demand for textiles, larger stocks of yarn and cloth, inflation, economic uncertainties, and rising costs of textile production, including higher fiber prices. Also, at the height of the energy crisis, it appeared that cotton consumption would benefit from shortages of chemicals used to make manmade fibers. However, this impact has not been as great as originally contemplated.

For some months, sharp inflation in much of the world has reduced consumer buying power, weakened yarn markets, and slowed forward sales of cotton. Limited cotton market activity can be expected until the large inventories of processed goods are worked into the system. Foreign trade sources say it may be late fall of 1974 or early 1975 before foreign textile activity picks up again.

On the favorable side, foreign cotton consumption has increased every year during the past decade. It has been favorably influenced by growing populations, larger incomes, desire for more and better clothing and other textiles, and the research and promotion programs of the Cotton Council International and the International Institute for Cotton.

Most of the increase in foreign cotton consumption in recent years has been in Communist countries, Asian markets, and raw-cotton exporting countries.

Pakistan, for example, has expanded its textile industry. In 1972, Pakistan shipped out the equivalent of about 1.1 million bales of raw cotton in the form of textiles. This is also happening in Turkey, Iran, Brazil, Mexico, and several other cotton-exporting countries.

Underlying this trend are:

- The advantage of increasing export earnings through the value added by manufacture.
- The move towards industrialization in many developing countries, with textiles a popular early step.
- The opportunity to supply a greater share of domestic textile needs.
- The increased industrial employment of large growing populations.

THE SOVIET UNION has expanded cotton production sharply, chiefly as a result of increased yields, so that in 3 of the past 7 years its crop has been the world's largest.

The USSR is giving priorities to cotton in terms of newly irrigated land, water supplies, manpower, machinery, fertilizer, and pesticides. Special attention is also being directed at solving the major problems of verticillium wilt, soil salinity, and high water tables. Research is also under way to produce varieties suited to the short growing season.

The large cotton imports of the past two season by the People's Republic of China (PRC) are likely to drop back some in 1974-75, but the PRC has established itself as a major cotton importer. Although information is scanty, PRC cotton acreage since the early 1960's has remained rather static and no real success has been attained in increasing yields.

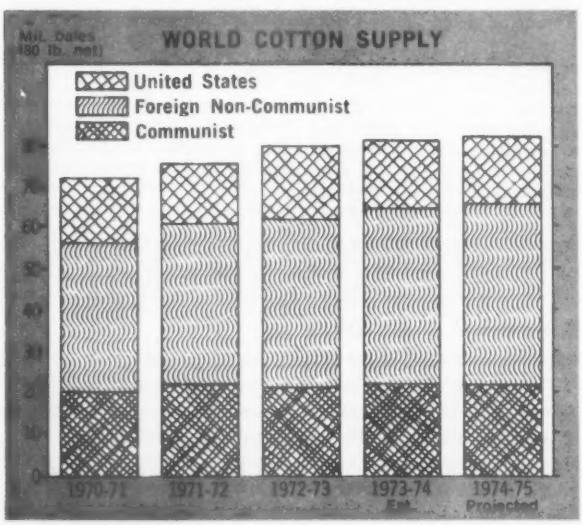
World cotton prices have been very sensitive to actual and anticipated changes in supply and demand, which have been in close balance in recent years.

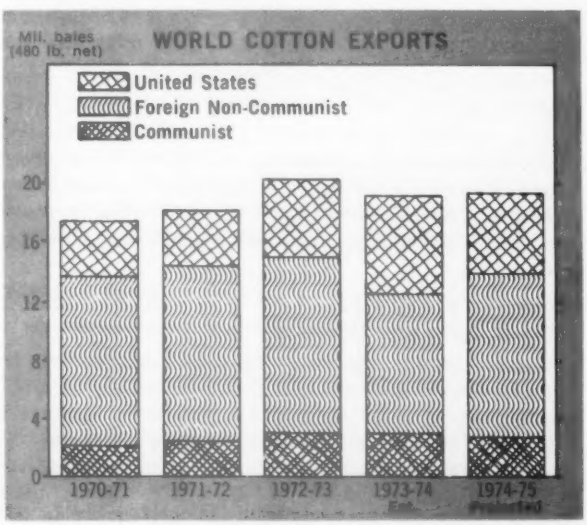
For example, under the weight of increased cotton plantings and anticipated larger crops, prices (basic Strict Middling 1/16" landed in northern Europe) declined from around 40 U.S. cents per pound in January-February 1972 to near 30 cents in the early fall of that year.

With news of weather-reduced crops in the United States and abroad and increasing foreign textile activity, prices in Europe climbed sharply and continuously for almost 18 months, reaching over 90 cents per pound in January-February of the current year.

Besides weather, upward price pressures stemmed from the PRC's production shortfall in 1972 and large purchases on world markets; implications of the energy crisis on cotton and manmade fiber production, transportation, and power; and currency realinements and inflation.

World prices have declined since early 1974. By late July they were averaging around 62 cents per pound. Principal causes of declining prices in recent months are weaker demand for cotton around the world, in combination with larger stocks and prospective production abroad.





CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Soviet Grain Prospects Improve

The Soviet grain harvest gathered momentum during mid-August, with area of grain cut as of August 19 about equal to the 1970-73 average and only 3 million acres less than that of 1973. Area of grain threshed out by combine still lagged 10-12 million acres, however, and grain in windrows reached 28.7 million acres—nearly 6 days' work at the most recent weekly rate of threshing.

USSR: Grain Harvesting As Of August 19, 1970-74
[In millions of acres]

Year	Area cut		Area threshed		Area unthreshed in windrows
	Total	Rate in latest week	Total	Rate in latest week	
1970	151.7	22.2	135.9	22.2	15.8
1971	152.5	26.2	136.2	23.2	16.3
1972	158.6	16.1	151.5	15.6	7.2
1973	159.9	26.9	137.1	23.0	22.7
1974	156.9	38.8	128.2	36.1	28.7

Turkey Buys Wheat

During mid-July Turkey purchased a total of 455,000 tons of wheat. Of this amount, 205,000 tons were of U.S. origin. According to recent trade reports, Turkey is reported to have bought an additional 485,000 tons of wheat—including about 335,000 tons of U.S. wheat and 150,000 tons of Balkan wheat (believed to be mostly of Romanian origin) for mid-September 1974 through mid-March 1975 shipment. These purchases would bring total Turkish wheat imports for fiscal 1975 to nearly 1 million tons.

Indonesia Buys Rice From North Korea

Indonesia has purchased 200,000 metric tons of rice from North Korea. The rice, consisting of 10 percent brokens and having a moisture content of 15.5 percent, was sold at an f.o.b. net weight price of $441 per ton. Delivery will be made from October 1974 to June 1975. The North Koreans reportedly offered 450,000 tons for sale at the time the agreement was signed, leaving open the possibility of future purchases.

Australia's 1974-75 Wheat Estimate Declines

Current indications are that Australian wheat plantings for 1974-75 will approximate 22.9 million acres, slightly above planting intentions of 22.4 million acres reported earlier. On the basis of present conditions and assuming reasonable conditions between now and harvest, 1974-75 wheat production is presently forecast at 11.5 million metric tons, or about 500,000 tons below that of 1973-74.

Farmers' planting intentions were influenced mainly by further increases in price guarantees for alternative crops, especially oilseeds. Fear of a recurrence of rust because of overwet conditions in some areas during the early part of the planting season also caused some growers to substitute barley for wheat. Larger plantings and excellent conditions to date in Queensland and northern New South Wales, however, are expected to provide a substantially larger volume of prime hard and hard wheats for export next year.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Aug. 27	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-13.5	5.88	−4	5.76
USSR SKS-14	(1)	(1)	(1)
Australian FAQ[2]	(1)	(1)	(1)
U.S. No. 2 Dark Northern Spring:			
14 percent	5.67	+7	5.85
15 percent	5.80	+8	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	5.44	+11	5.74
No. 3 Hard Amber Durum	7.77	+48	8.57
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	(1)
Feedgrains:			
U.S. No. 3 Yellow corn	3.98	−2	3.30
Argentine Plate corn	4.22	−5	3.76
U.S. No. 2 sorghum	3,81	+6	3.27
Argentine-Granifero sorghum	3.84	+6	3.15
U.S. No. 3 Feed barley	3.27	0	2.85
Soybeans:			
U.S. No. 2 Yellow	8.07	−22	9.12
EC import levies:			
Wheat[3][4]	0	0	0
Corn[5][4]	0	0	.06
Sorghum[5][4]	0	0	.21

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Levies applying in original six EC member countries. Levies in UK, Denmark and Ireland are adjusted according to transitional arrangements.
NOTE: Price basis 30- to 60-day delivery.

SUGAR AND TROPICAL PRODUCTS

Bangladesh Jute Down

Production of jute in Bangladesh, the leading exporter of raw jute fiber, is expected to be down significantly in 1974-75. Acreage is currently estimated down 25-30 percent from that of 1973-74 due to higher prices for rice, a competitive crop, and unusually heavy rainfall in main producing areas. Labor problems, inadequate power for mill operations, and a shortage of repair parts also contribute to the outlook for reduced

production of jute and jute goods. Because of a good carryover of jute from 1973-74, Bangladesh officials did not expect a shortage of jute for mills and for export. More recent heavy flooding, however, may add to the difficulties already facing Bangladesh's jute industry.

In 1973-74, Bangladesh's production of raw jute was estimated at 2.4 billion pounds, a decline of about 10 percent from the previous year's level. In 1972-73, Bangladesh exported 1,043 million pounds of raw jute, mostly to Europe, with relatively smaller quantities (37 million pounds) going to the United States. Additional unrecorded shipments of raw jute also went to India.

COTTON

Japan Slows Cotton And Textile Imports

Japanese raw cotton imports for the 10 months ending May 30, 1974, totaled 3.1 million bales (480 lb. net), a 3 percent decline from those of a year ago. The decrease is attributable mainly to shipping delays, export restrictions by a number of supplying countries, and, more recently, slack demand in the textile sector. These reductions have not adversely affected imports from the United States, however, which registered a 42 percent increase from those of a year ago during this period. This increased the U.S. market share to 34.7 percent from 23.6 percent last year. Imports for the 1973-74 season are expected to have totaled around 3.8 million bales, with 1.3-1.4 million of U.S. origin.

The Japanese textile industry is currently attempting to ease the cost-price squeeze resulting from wage and energy cost increases as well as increasing consumer prices and subsequent slack demand for textile mill products. The Japanese Spinners Association (JSA) responded on June 12, 1974, by calling for a 30 percent cutback in yarn production, particularly as spindle operation during May registered only a 0.7 percent increase over April's level, even though end-of-April stocks were already about 40 percent above normal. The JSA is optimistic, however, that the textile surplus will be eliminated following the production curtailment scheduled during the summer holiday season. Some reductions in wholesale and intermediary processing stock levels reportedly have taken place already, indicating some increased consumer buying.

Textile imports also are being cut. Japan is particularly concerned about textile imports from other Asian countries that have recently accounted for an increasing share of domestic availabilities.

The Japanese Diet has approved aid legislation to small textile firms for improvements in vertical integration, technology, and product distribution.

Outstanding Sales of 1974-75 Raw Cotton Decline in July

Reports issued in July by the Statistical Reporting Service of the U.S. Department of Agriculture indicate declines in the outstanding sales of raw cotton for the 1974-75 marketing year (August-July). While the net decline amounted to approximately 30,000 running bales, several countries registered appreciable declines. The following net declines in running bales were registered for the month of July: Japan, 67,000; Indonesia, 24,000; Taiwan, 21,000; Hong Kong, 5,000; other West European countries, 5,000; and Thailand, 4,000. Other less appreciable declines totaled 7,000 running bales.

In contrast to these declines, Canada's net import position registered an increase of 57,000 bales, pushing its total registered purchases to 83,000 bales from the 26,000-bale figure that, until July 28, 1974, had remained since January.

Total outstanding sales for 1974-75 raw cotton have changed little in the past several months. About 80 percent of the 3.5 million bales registered for sale in 1974-75 (August-July) were registered as of early January. In fact, the July 28 report reflects an increase of only 253,000 bales from the level being reported 4 months ago.

While some delay can be explained by the fact that many spinners held back awaiting new crop developments, depressed yarn and textile demand and prospects for increased exportable supplies in several foreign exporting countries (notably Turkey, Brazil, and Pakistan) have contributed directly to the soft forward demand for U.S. raw cotton. In fact, Japan, the best U.S. customer for several years, reportedly has been selling cotton recently in the Far East.

LIVESTOCK AND MEAT PRODUCTS

USSR Meat, Poultry Purchases on the Rise

Reports indicate that Soviet purchases of beef and veal, pork, mutton, and poultry have upsurged recently.

Recent Soviet purchases include a French shipment, outside European Community channels, of 10,000 metric tons (110.2 million lb.) of a 50,000-metric-ton bone-in beef order, at a price equivalent to about US$940 per metric ton. Negotiations reportedly are underway for another sale of the same size consisting of both beef and pork.

In other reported acquisitions, the USSR bought 26.5 million pounds of frozen boneless beef for manufacture from Argentina. The price quoted amounts to about US$924 (bone-in basis) per metric ton, with monthly shipments of 4,000 metric tons scheduled for the August-October period.

As previously announced, the USSR purchased 36,000 metric tons (79.3 million lb.) of frozen carcass mutton from New Zealand at about 25.5-27 U.S. cents per pound.

The Soviets also purchased 10,000 metric tons (about 22 million lb.) of beef from Romania and about the same amount from Hungary.

Some reports indicate the possibility of a large purchase of mutton by the USSR from Australia in the near future, as well as a possible Soviet purchase of about 10 million pounds of poultry meat from the European Community.

Belgium Follows France In Raising Farm Subsidies

Following the subsidy action recently taken by France, Belgium announced on July 31 similar agricultural subsidy increases for its farmers. The main purpose of the additional subsidies is to discourage marketing of slaughter cattle until next spring.

According to Belgium sources, the total cost of the program will be $56 million, of which the European Community is

expected to pay $15 million. Some of the announced goals of the program include: Sale of beef at reduced prices to certain low income consumers, as well as to institutions such as hospitals; promotion campaigns to stimulate meat consumption; and premiums for delayed marketing of large cattle (except cows) with payments beginning in September and ending in February.

In delaying marketings until next spring, Belgium hopes to gain time for the disposal of its current surplus stocks of beef in cold storage. Under EC directive, special subsidies will be paid to cattle raisers in southeast Belgium to compensate for certain environmental disadvantages.

In addition, the Belgian Government will pay a 1974 interest rebate amounting to 5 percent of a farmer's loan, provided the purpose of the loan is classified as a new investment or for the restructuring of an existing farm. A temporary reduction will also be granted by the Government on certain agricultural items.

The Belgian Government has also decided to pay a 1,000 franc (about US$26.31) premium beginning September 1 for the slaughter of mature sows. The goal in this case is a reduction in pork production by next spring, through reduction of the sow herd.

DAIRY AND POULTRY

U.S. 6-month Dairy Imports Total 1.9 Billion Pounds

Total U.S. dairy imports during the first half of 1974 were about 1.9 billion pounds, milk equivalent, roughly equal to the average full year total for 1972 and earlier years. Cheddar cheese and nonfat dry milk registered big increases, reflecting Section 22 actions in January and March, as well as nonquota "pricebreak" cheeses. Nearly two-thirds of the half-year total were entered during February and March, the peak period of special quota imports.

A comparison with the first half of 1973 (800 million pounds milk equivalent) is not indicative, since 1973 increases in quotas and imports were concentrated in the latter part of that year.

EC Ups Supplementary Levy On Turkey Breasts, Drumsticks

The European Community supplementary levy for the German market in cents per pound has been increased from 14.36 to 22.96 on turkey breasts and from 5.74 to 9.76 on turkey drumsticks. This is the second supplementary levy increase on each of these items from zero on May 1, 1974, to current levels. In terms of both variable and supplemental levies, total import charges in cents per pound now stand at 28.81 on turkey breasts and 12.95 on turkey drumsticks, an increase since May 1, of 414 percent and 376 percent for each respectively. Total import charges as a percent of U.S. offer prices on the Hamburg market now run about 42 percent for turkey breasts and 36 percent for drumsticks.

Most U.S. turkeys are as turkey parts, and the EC represents the principal market. During the first half of 1974, parts exports made up 82 percent of all U.S. turkey exports, and 86 percent of all parts exports were shipped to the EC countries (primarily Germany).

EC Broiler Export Subsidy Reimposed

The European Community has reimposed export subsidies on broilers. Effective August 15, a 6.3 cents per pound subsidy is payable on shipments to European third countries and countries in the Mediterranean, Persian Gulf, and Arabian Peninsula.

Despite export subsidies in effect during May and June, prices within the EC have remained depressed and a surplus is reemerging. The oversupply of poultry meat appears to be related to slackening demand as well as high production.

According to an EC official, the broiler export subsidy was reimposed because of continued overproduction and accumulation of large stocks in all Member States except Italy.

EC subsidies will increase the pressure on and undercut U.S. sales to European and Middle East markets. The EC subsidy reportedly will not apply to exports to Japan, Hong Kong, Singapore, and Caribbean countries.

New Zealand's Dairy Earnings Up

New Zealand's dairy industry earnings for 1973-74 (July-June) were almost up to 1972-73 earnings, even though 8 percent less milk for manufacturing purposes was produced. Higher prices for dairy products shipped to the United States pushed up average export prices for dairy products.

Prices received for the July-September 1973 period in cents per pound from the United States were: Nonfat dry milk, 25.3; cheese, other than cheddar, 76.7; and cheddar cheese (bulk), 88.95. Prices from other major markets in units per pound ranged from 16.61 to 18.94 for nonfat dry milk; 32.1 to 64.9 for cheese, other than cheddar; and 35.8 to 36.1 for cheddar cheese in bulk.

TOBACCO

EC Extends Cigarette Excise

The European Community Council has adopted the Commission's proposed directive extending through June 30, 1976, the first stage of cigarette tax harmonization.

The Commission's proposal and the Council's action stem from wide divergence of opinion among EC Members over the specific/ad valorem tax structure to be adopted. Industries in several Member States strongly oppose any further shift away from the 75-percent maximum specific component allowed under the first stage directive. Industries in other countries, however, favor a largely ad valorem structure.

A predominantly specific tax would help maintain demand for high-quality cigarette tobacco.

Bulgaria Tries Burley

Several U.S. tobacco firms reportedly are participating in an experimental tobacco project in northwest Bulgaria. U.S. technology and equipment are being employed in the production of 75 acres of burley leaf. The results of the recent harvest will be decisive in determining the continuation or expansion of the present project.

Bulgaria traditionally has been primarily a producer and exporter of oriental leaf tobacco, but did produce 11 million pounds of burley leaf in 1973. The use of U.S. technology and equipment is very likely an attempt to upgrade the qual-

ity of Bulgarian burley.

U.S.-Bulgarian tobacco trade has been nil in recent years primarily because the United States has not granted Bulgaria most-favored-nation duty rates.

FRUIT, NUTS, AND VEGETABLES

Greece Reports Bumper Peach Crop

The perennial peach export problem in Greece was aggravated this year by a bumper crop estimated at 260,000-270,000 tons, up 10 percent from the 1973 level. Exports to European Community countries have been suspended by the Greek Government in expectation of higher prices later. Large scale exports of Italian peaches to Western Europe, principally West Germany, have driven prices down. In addition, the Government of Greece has approved a subsidy of 1.2 drachmas per kilo on 5,000 tons of peaches shipped to Poland and East Germany.

EC Sets Mushroom Import Controls

Effective August 26, the European Community Commission imposed "safeguard" measures on imports of canned mushrooms from third countries. The measures require import licensing, which, in turn, provides a means for establishing import quotas. A surety deposit of one unit of account per 100 kilograms also will be required. However, those third countries that agree to observe a minimum import price (yet to be established) will be exempt from import licensing and quantitative restrictions.

Record World Almond Harvest Forecast

Led by an expected record U.S. crop of 100,000 metric tons, world almond output for 1974 is forecast at an alltime high of 195,000 tons (shelled basis). This compares to the 132,300-ton crop of 1973 and the 1966-70 average of 127,200 metric tons.

The increase in output is attributed to excellent weather in the United States and good to excellent weather in Spain, combined with rapidly increasing bearing surface in both almond producing countries.

Exports from the six major producing countries (Iran, Italy, Portugal, Spain, Morocco, and the United States) during 1973-74 are expected to amount to 78,000 metric tons, slightly below the 1972-73 level of 81,000 tons.

OILSEEDS AND PRODUCTS

Philippine Copra Prospects Decline

Philippine copra production for 1974 is currently expected to decline slightly from last year's level of about 1.8 million tons. The 1973 crop was also down because of the drought that hit the Mindanao region in late 1972 and early 1973. Some recovery is expected in late 1974, but it is unlikely the harvest will be sufficient to offset the low output during the first 6 months.

During the first 5 months of 1974, export prices for copra and coconut oil were about triple prices for the same 1973 period. The volume of coconut product exports (in copra equivalent) declined from about 624,000 tons in January-May 1973 to about 355,000 tons for the first 5 months in 1974. Value of these exports increased substantially, however, from $85.05 million to $199.85 million.

Since the Philippines is the world's leading supplier of coconut products, the world price is determined largely by the Philippine situation.

U.S. Vegetable Oil Exports To EC Increase Sharply

During the week ending August 4, 1974, U.S. export sales of soybean oil to the European Community for delivery during marketing year 1974-75 increased from zero to 262 million pounds, the highest level in over a decade. During the same period EC countries also purchased 129 million pounds of cottonseed oil from the United States for delivery during the next marketing year.

Total U.S. exports of soybean oil to all EC countries for the 5-year period, 1968-73, totaled only 287 million pounds. The sharp increase in U.S. export sales of soybean oil to the EC—generally only a small importer of soybean oil and more frequently an exporter—this early in the year indicates a continuing tight world vegetable oil supply.

GENERAL

U.S. Science Team Visits PRC

A Plant Science Mission, under the auspices of the National Academy of Sciences and led by Dr. Sterling Wortman, Rockefeller Foundation, departed late August for the People's Republic of China (PRC). The Mission will observe firsthand scientific developments in PRC agriculture, and this will help initiate a closer relationship between scientists of the two countries. Later this year a PRC delegation will visit the United States.

Members of the Mission include: Dr. Richard L. Bernard, Dr. Norman E. Borlaug, Dr. Glenn W. Burton, Dr. Nyle C. Brady, John L. Creech, Dr. Jack R. Harlan, Dr. Arthur Kellman, Dr. Henry M. Munger, and Dr. George F. Sprague.

Other Foreign Agriculture Publications

- June Cotton Exports Push Cumulative 1973-74 Total Above 5 Million Bales (FC 17-74)
- Sugar and Molasses Production Set Record in 1973-74 But World Supplies Tight (FS 1-74)
- U.S. Trade in Essential Oils Up in 1973, First Half 1974 (FTEA 2-74)
- United States Became Net Importer of Dairy Products in 1973 (FD 3-74)
- Report on USSR Winter Wheat—1974 (FG 18-74)
- World Grain Situation: Review and Outlook (FG 20-74)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918 S.; Tel.: 202 447-7937.

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World Food Conference To Seek Solution

Continued from page 11

ing and exporting countries, to provide the necessary data. The United States makes production and supply information freely available on a regular basis through USDA publications.

At the FAO Ad Hoc Meeting on World Food Security in May 1974, however, several developed and developing countries expressed a reluctance, for political and economic reasons, to divulge stock and production information. Thus, some commitment to the FAO Food Information System, beyond a recognition in principle, will be needed before it can become fully effective.

Trade Liberalization. The World Food Conference also has on its agenda a discussion of the relationship between trade and food.

Many developing countries are expected to push for preferential access to developed countries' markets, for example, UNCTAD has expressed an interest in liberalizing the Common Agricultural Policy of the European Community to facilitate exports.

The United States has stressed the importance of both access to markets and access to supplies. At the second Preparatory Committee meeting, the United States pointed out that trade liberalization is essential to establishing world food security. With the United States and other exporting countries dependent to a great extent on the export market as an outlet for production, freer access to markets would enable production to be maintained at the peak levels needed to meet world food needs.

Without market access, production controls could again become necessary, reducing available supplies and triggering periods of world shortages.

However, the forthcoming negotiations under the General Agreement on Tariffs and Trade are viewed as the appropriate forum for making specific commitments to improve and hasten the process of international agricultural adjustment.

Japan's Food Policies Tied to Imports

Continued from page 5

vestments in overseas livestock output.

It is difficult to see how Japan can realistically expect to maintain its current rate of self-sufficiency. Expenditures for food are estimated to increase at an annual rate of 5.3 percent. This estimate may be too modest in the light of the wage increases granted in 1974, which averaged over 30 percent. Population growth is expected to increase at about the current rate of 1-3 percent per year.

Per capita calorie intake is expected to increase from the present level of 2,516 per day to 2,640 by 1982. With a higher proportion of protein expected to come from livestock products and with the anticipated strong growth in demand and the limited possibilities of increasing domestic production, the self-sufficiency rate can only go down.

With no major policy changes, the self-sufficiency rate could easily slide another 10-15 percent by 1982, meaning higher levels of imported agricultural products in the future.

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